瑞 港 建 設 控 股 有 限 公 司

PROSPER CONSTRUCTION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6816)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2017	2016
	HK$ million	*HK$ million*
Revenue	**633.3**	658.9
Profit for the year	**64.5**	69.4
Profit for the year – normalised for non-recurring items	**64.5**	84.3
Earnings per share *(HK cents)*	**8.06**	10.13
Dividend per share *(HK cents)*	**2.0**	3.0

	As at 31 December	
	2017	2016
	HK$ million	*HK$ million*
Total assets	**865.9**	699.0
Total equity	**504.4**	464.1
Equity per share *(HK$)*	**0.63**	0.58

The board (the "Board") of directors (the "Directors") of Prosper Construction Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2017 (the "Year 2017") together with comparative figures for the year ended 31 December in 2016 (the "Year 2016") as set out below:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*3*	**633,347**	658,860
Cost of sales		**(539,040)**	(534,234)
Gross profit		**94,307**	124,626
Other income and gain, net		**3,599**	25
Loss on disposal of a joint venture		**(294)**	–
Professional fees incurred for initial public offering		**–**	(14,896)
Other administrative expenses		**(26,320)**	(25,712)
Operating profit		**71,292**	84,043
Finance income		**718**	1,139
Finance costs		**(4,833)**	(3,097)
Finance costs, net		**(4,115)**	(1,958)
Share of losses of a joint venture		**–**	–
Profit before income tax		**67,177**	82,085
Income tax expense	*4*	**(2,707)**	(12,636)
Profit for the year		**64,470**	69,449
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		**(177)**	–
Profit and total comprehensive income attributable to equity holders of the Company		**64,293**	69,449
Basic and diluted earnings per share (HK cents)	*5*	**8.06**	10.13

CONSOLIDATED BALANCE SHEET

As at 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
ASSETS			
Non-current assets			
Plant and equipment		**230,185**	156,927
Investment in a joint venture		**–**	294
Deposits		**8,387**	17,276
		238,572	174,497
Current assets			
Trade and retention receivables	*7*	**309,571**	183,494
Deposits, prepayments and other receivables		**8,830**	3,712
Amounts due from customers for contract work		**73,615**	84,466
Amounts due from the other partner of joint operation		**50**	–
Income tax recoverable		**2,529**	1,652
Time deposits with maturity over 3 months		**15,103**	9,942
Pledged bank deposits		**24,251**	21,031
Cash and cash equivalents		**193,348**	220,157
		627,297	524,454
Total assets		**865,869**	698,951
EQUITY			
Capital and reserves			
Share capital	*9*	**8,000**	8,000
Reserves		**496,416**	456,123
Total equity		**504,416**	464,123

	Note	2017 HK$'000	2016 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings		**12,500**	16,952
Deferred income tax liabilities		**8,473**	9,402
		20,973	26,354
Current liabilities			
Trade and retention payables	*8*	**61,551**	43,481
Accruals and other payables		**18,028**	6,713
Receipt in advance		**–**	84,592
Amounts due to customers for contract work		**96,724**	10,054
Amount due to a joint venture		**–**	500
Amounts due to the other partners of joint operations		**–**	9,555
Amounts due to related companies		**–**	1,647
Borrowings		**160,266**	51,234
Income tax payable		**3,911**	698
		340,480	208,474
Total liabilities		**361,453**	234,828
Total equity and liabilities		**865,869**	698,951

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands on 6 October 2015 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries provide marine construction services, lease and trade of vessels.

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements are presented in Hong Kong dollars ("HK$") unless otherwise stated and were approved for issue on 20 March 2018.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and requirements of the Hong Kong Companies ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The accounting policies and methods of computation used in the preparation of the consolidated financial statements for the year ended 31 December 2017 are consistent with those used in the preparation of the Group's audited financial statements for the year ended 31 December 2016, except as described below.

(a) Adoption of amendments to standards

The Group has adopted the following amendments to standards which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 January 2017:

HKAS 7 (Amendment)	Disclosure Initiative
HKAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRS 12 (Amendment)	Disclosure of Interests in Other Entities

The adoption of the above amendments to standards did not have any significant financial impact on these consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

	Marine construction works *HK$'000*	Leasing of vessels *HK$'000*	Trading of vessels *HK$'000*	Total *HK$'000*
For the year ended 31 December 2017				
Revenue	**469,504**	**163,843**	**–**	**633,347**
Segment results	**32,107**	**54,085**	**–**	**86,192**
Unallocated expenses				**(14,748)**
Depreciation				**(630)**
Finance costs, net				**(3,637)**
Profit before income tax				**67,177**
Income tax expense				**(2,707)**
Profit for the year				**64,470**
Included in segment results are:				
Depreciation	**(8,762)**	**(5,591)**	**–**	**(14,353)**
Finance cost, net	**(478)**	**–**	**–**	**(478)**

	Marine construction works *HK$'000*	Leasing of vessels *HK$'000*	Trading of vessels *HK$'000*	Total *HK$'000*
For the year ended 31 December 2016				
Revenue	636,019	22,841	–	658,860
Segment results	116,742	5,956	–	122,698
Unallocated expenses				(36,957)
Depreciation				(2,144)
Finance costs, net				(1,512)
Profit before income tax				82,085
Income tax expense				(12,636)
Profit for the year				69,449
Included in segment results are:				
Depreciation	(5,668)	(1,276)	–	(6,944)
Finance cost, net	(446)	–	–	(446)

4. TAXATION

The amount of income tax charged to the consolidated statement of comprehensive income represents:

	2017	2016
	HK$'000	*HK$'000*
Hong Kong profits tax		
Current income tax	**83**	655
Deferred income tax	**(929)**	(66)
Indonesia income tax		
Withholding income tax	**2,590**	12,055
Interest income tax	**(47)**	30
Macao complementary income tax		
Current income tax	**822**	–
Over-provision in prior year	**–**	(38)
Malaysia corporate income tax		
Current income tax	**188**	–
	2,707	12,636

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the year.

Indonesia income tax is charged through a system of withholding taxes. Companies are required to withhold final income tax for construction works performance and interest income from bank deposits. For the year ended 31 December 2017, income tax has been provided at the rate of 3% (2016: 3%) of the construction income and 20% (2016: 20%) of the interest income from bank deposits.

Macao complementary income tax has been provided at the rate of 12% (2016: 12%) on the estimated assessable profit for the year.

Malaysia corporate income tax has been provided at the rate of 24% (2016: N/A) on the estimated assessable profit for the year.

5. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective years. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the reorganisation completed on 22 January 2016 and the capitalisation issue of ordinary shares which took place on 20 July 2016.

	2017	2016
Profit attributable to equity holders of the Company *(HK$'000)*	**64,470**	69,449
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share *(thousands)*	**800,000**	685,861
Basic earnings per share *(HK cents)*	**8.06**	10.13

(b) Diluted

Diluted earnings per share is the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding as at year end.

6. DIVIDENDS

	Year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Proposed final dividend of HK$0.02 (2016: HK$0.03) per ordinary share *(note)*	**16,000**	24,000

Note:

A dividend in respect of the year ended 31 December 2017 of HK$0.02 per share, amounting to a total dividend of HK$16,000,000, will be proposed at the forthcoming annual general meeting. These consolidated financial statements do not reflect this dividend payable.

7. TRADE AND RETENTION RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**254,487**	132,134
Retention receivables	**55,084**	51,360
Trade and retention receivables	**309,571**	183,494

The credit period granted to trade customers other than for retention receivables was within 30 days. The terms and conditions in relation to the release of retention vary from contract to contract, which may be subject to practical completion, the expiry of the defect liability period or a pre-agreed time period. The Group does not hold any collateral as security.

The ageing analysis of the trade receivables based on invoice date was as follows:

	2017	2016
	HK$'000	*HK$'000*
Current	**60,664**	111,840
1 to 30 days	**27,698**	10,990
31 to 60 days	**542**	1,221
61 to 90 days	**–**	–
91 to 180 days	**–**	–
181 to 365 days	**57,774**	4,723
More than 1 year	**107,809**	3,360
	254,487	132,134

8. TRADE AND RETENTION PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**56,653**	38,564
Retention payables	**4,898**	4,917
	61,551	43,481

The credit period granted for trade payables was within 30 to 90 days.

The ageing analysis of the trade payables based on invoice date was as follows:

	2017	2016
	HK$'000	*HK$'000*
Current	**45,657**	32,042
1 to 30 days	**6,944**	6,522
31 to 60 days	**2,253**	–
61 to 90 days	**775**	–
91 to 180 days	**1,024**	–
	56,653	38,564

9. SHARE CAPITAL

On 6 October 2015, the Company was incorporated with an authorised share capital of HK$390,000 divided into 39,000,000 shares with par value of HK$0.01 each. On the same day, the Company allotted and issued one nil-paid share to an initial subscriber who is an independent third party, which was transferred to Sky Hero Global Limited ("Sky Hero"), a company incorporated in the British Virgin Islands, at nil consideration. On 22 January 2016, the said one nil-paid share was credited as fully paid and the Company further issued and allotted 9,249 shares to Sky Hero, credited as fully paid, as part of the reorganisation.

On 5 February 2016, CITICC International Investment Limited (the "Pre-IPO Investor"), a pre-IPO investor, entered into a sale and purchase agreement with the Company, Sky Hero and Mr. Cui Qi, the controlling shareholder and an executive Director of the Company pursuant to which Sky Hero transferred 750 shares in the Company to the Pre-IPO Investor, at a consideration of HK$36,000,000. In addition, the Pre-IPO Investor also subscribed for 750 shares of the Company at a subscription price of HK$36,000,000, resulting in a share premium of approximately HK$36,000,000.

On 20 July 2016, pursuant to the capitalisation issue, the Company issued a total number of additional 599,990,000 shares, credited as fully paid, to Sky Hero and the Pre-IPO Investor, respectively, based on their respective number of shares.

On 20 July 2016, pursuant to the share offer, the Company issued a total 200,000,000 shares at a price of HK$1.00 per share.

	Number of shares	**Share capital** *HK$'000*
Ordinary shares, authorised:		
At 31 December 2015 and 1 January 2016	39,000,000	390
Increase in authorised share capital	3,961,000,000	39,610
At 31 December 2016 and 2017	4,000,000,000	40,000

	Number of shares	**Share capital** *HK$'000*
Ordinary shares, issued and fully paid:		
At 31 December 2015 and 1 January 2016	1	–
Shares issued pursuant to the reorganisation	9,249	–
Shares issued to the Pre-IPO Investor	750	–
Shares issued pursuant to the capitalisation issue	599,990,000	6,000
Share issued under the share offer	200,000,000	2,000
At 31 December 2016 and 2017	800,000,000	8,000

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

Major projects

During the year ended 31 December 2017 ("Year 2017"), the Group derived the majority of its revenue from its two projects in Macao and successfully established revenue source at two new geographic locations, namely Pakistan and Malaysia. Majority of projects in Hong Kong and Indonesia had either been completed or already progressed to the later stage by end of the year ended 31 December 2016 ("Year 2016") and did not contribute substantial revenue to the Group for the Year 2017.

A breakdown of the Group's revenue by geographic location and major projects for the Year 2017 is set out in the below table.

	Revenue recognised in Year 2017 *(HK$ million)*	**Contribution to total revenue**	**Current status**
Macao			
EPC contract for electricity generation facility	165.0	26.0%	Ongoing and expecting completion in year 2019.
Land reclamation	107.5	17.0%	Site work completed in October 2017 and in preparation of final certification account.
	272.5	43.0%	
Pakistan			
Hiring of vessels and engineering equipment	145.4	23.0%	Ongoing and expecting completion in year 2018.
Indonesia			
Wharf construction and engineering for a cement grinding project	65.3	10.3%	Site work completed in June 2017 and in preparation of final certification account.
Others	21.0	3.3%	
	86.3	13.6%	

	Revenue recognised in Year 2017 *(HK$ million)*	Contribution to total revenue	Current status
Malaysia			
Dredging	16.2	2.6%	Site work completed in December 2017 and in preparation of final certification account.
Hong Kong			
Reclamation for highway bypass at Lam Tin	57.3	9.0%	Ongoing and expecting completion in fourth quarter of 2018.
Kai Tak underground structure and excavation	12.5	2.0%	Ongoing and expecting completion in third quarter of 2018.
Others	43.1	6.8%	
	112.9	17.8%	
Total	633.3		

Outlook

The status of the Group's key projects on hand as at 31 December 2017 is as below.

	Location	Estimated remaining contract sum *HK$'million*	Expected time of completion
Project(s) already commenced as at 31 December 2017			
Hiring of vessels and engineering equipment	Pakistan	186.9	Q2/2018
EPC contract for an electricity generation facility	Macao	479.9	Q2/2019
Pier construction	Hong Kong	37.8	Q4/2018
Project(s) commencing or newly awarded in 2018			
Marine disposal of excavated materials	Hong Kong	16.9	Q4/2018
Vessel hiring for transportation	Southeast Asia	27.5	Q4/2018

In addition the above key projects on hand, the Group is negotiating and/or in process of bidding for a number of potential projects, including one project in Hong Kong with expected contract sum of over HK$100 million and three projects in Southeast Asia with expected contract sum ranging from over US$40 million to US$80 million each. The Group contemplated on a public private partnership project in the Shandong province of the PRC during year 2017, but subsequently decided not to proceed further as the nature and business mode of the project was not entirely compatible with the Group's present operation.

Financial Review

Revenue

A breakdown of the Group's revenue from major projects and by geographic location is set out in the section headed "Business Review" above. The Group's revenue from Macao increased by approximately HK$121.4 million for the Year 2017 as a result of the EPC contract for an electricity generation facility which commenced during year. However, the progress of the said EPC project has been slowed down in the second half of 2017 as a result of certain change in design for the project; the Group and the customer have entered into variation contracts in the fourth quarter of 2017 and works on the project is expected to resume shortly.

Furthermore, the Group established a new stream of revenue from leasing of vessels to the contractor of a marine engineering project in Pakistan, which brought in revenue of approximately HK$145.4 million for the Year 2017. Marine construction activities in Hong Kong gradually picked up during the Year 2017 with the launch of a few public sector projects and the revenue from Hong Kong projects increased by HK$47.1 million to HK$112.9 million for the Year 2017, contributing to approximately 17.8% of the Group's total revenue. On the other hand, substantially all the Group's projects in Indonesia having been completed by mid of the Year 2017, resulting in a drop of approximately HK$355.7 million in revenue from Indonesia. Overall, the Group recorded revenue of approximately HK$633.3 million for the Year 2017, representing a decline of HK$25.6 million or 3.9% from the Year 2016.

Cost of sales and gross profit

The Group recorded a slight increase in cost of sales for the Year 2017 despite a drop in revenue, leading to a decrease in gross profit by HK$30.3 million; the gross profit margin for the Year 2017 declined to 14.9% as compared to that of 18.9% for the Year 2016. The decrease in gross profit and margin was attributable to the change in the mix of the Group's projects and delay in progress of certain projects during the Year 2017. The decrease in revenue from Indonesia projects, which generally would yield higher profit margin than those in Hong Kong and Macao due to less intense competition and higher level of contingencies allowed by customer, led to a decline in gross profit margin for the Year 2017. In addition, both of the Group's projects in Macao experienced delay during the Year 2017 owing to external factors, resulting in additional overhead and fixed costs, such as vessels and equipment rental, which hampered profitability of the projects. Meanwhile, the profit margin for the Pakistan vessel leasing is more favourable than the Group's other projects due to less intense competition in the market.

Other administrative expenses

The amount of staff cost and office overhead increased by approximately HK$0.6 million, which is mainly attributable to the increase in headcount and increase in directors' remuneration following the listing of the Company's shares (the "Listing") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in July 2016. Professional fees for the Year 2017 decreased by approximately HK$2.4 million as some of the fees incurred in the Year 2016 were non-recurring in nature. Overall, the total other administrative expenses for the Year 2017 remained comparable to that for the Year 2016.

Income tax expense

The decrease in income tax expense for the Year 2017 was attributable to (i) the rise in income from Macao, where generally carried a lower effective tax burden than Indonesia for the Group; (ii) the substantial decline in income from Indonesia; (iii) the increase in rental income sourced from overseas location where either the applicable tax jurisdiction provided for favourable tax treatment or the Group's customer as lessee had agreed to take up the tax liability for the lessor.

Profit for the year

The Group's profit for the year from operation is analysed below.

	2017	2016
	HK$'000	*HK$'000*
Profit before income tax	**67,177**	82,085
Effects of non-recurring items:		
– professional fees incurred for the Listing	**–**	14,896
Profit before income tax on normalised basis	**67,177**	96,981
Income tax expense	**(2,707)**	(12,636)
Profit for the year on normalised basis	**64,470**	84,345
Net profit margin	**10.2%**	12.8%

The factors affecting the Group's profit margin for the Year 2017 are set out under the "cost of sales and gross profit" paragraph above.

Plant and equipment

The Group acquired 10 units of vessels and 18 units of machinery and equipment for a total consideration of HK$87.8 million during the Year 2017 to facilitate its new project in Macao and its vessels and equipment leasing operations. As at 31 December 2017, the Group owned a total of 47 units of marine vessels and 74 units of machinery and equipment.

Trade and retention receivables

The Group's trade and retention receivables increased to HK$309.6 million as at 31 December 2017 (2016: HK$183.5 million), which mainly comprised of receivables for works on projects already completed and pending settlement of final account. The increase in trade and retention receivables balances during the Year 2017 was attributable to (i) rental in arrears for leasing of vessels and equipment amounting to HK$63.9 million, which has been substantially received subsequent to the end of the financial year; and (ii) the completion of the relatively sizeable cement grinding project in Indonesia. It is not unusual for project final account to take up to one year or more for settlement in the industry; there is presently no indication of possible default on any of the Group's receivable balances.

Amount due to customers for contract works

The Group's amounts due to customer for contract work increased to HK$96.7 million as at 31 December 2017 (2016: HK$10.1 million), which was mainly attributable to the electricity generation facility project in Macao; the project received a significant amount of contract sum for preliminary stage, for which the associated costs would incur at a later stage and was accounted for as amounts due to customers for contract work.

Liquidity, Capital Structure and Gearing

The Group maintained a healthy liquidity position with net current asset balance and net cash position of approximately HK$286.8 million (31 December 2016: HK$316.0 million) and HK$59.9 million (31 December 2016: HK$182.9 million) respectively as at 31 December 2017. The Group's gearing ratio (calculated by dividing total debts by total equity) as at 31 December 2017 was 34.3% (31 December 2016: 14.7%); the rise in gearing during the Year 2017 was due to the (i) payment of a final dividend for the Year 2016; (ii) loans taken out to finance for acquisition of vessels, machinery and equipment; and (iii) drawdown of additional bank borrowings to facilitate business expansion in general. The maturity and interest rate profile of the Group's borrowings are set out below. The Group has unutilised banking facilities amounting to HK$5.0 million as at 31 December 2017 (2016: HK$5.0 million).

(a) Based on the scheduled repayment terms set out in the loan agreements and ignoring the effect of any repayment on demand clause, the maturity of borrowings would be as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 1 year	**107,980**	51,234
Between 1 and 2 years	**48,191**	13,606
Between 2 and 5 years	**16,595**	3,346
	172,766	68,186

(b) The weighted average interest rate during the year were as follows:

	2017	2016
Short-term bank loans	**3.7%**	4.9%
Long-term bank loans	**4.5%**	4.1%

Foreign Exchange

Operations of the Group was mainly conducted in Hong Kong dollars ("HK$"), Macao Patacas ("MOP"), Chinese Renminbi ("RMB"), United States dollars ("US$") (together, the "Major Currencies"), Malaysian Ringgit ("MYR") and Indonesian Rupiahs ("IDR"). The Group did not adopt any hedging policy and the Directors consider that the exposure to foreign exchange risks can be mitigated by using the Major Currencies (i) as principal currencies in the Group's contracts with customers; and (ii) to settle payments with its suppliers and operating expenses where possible. In the event that settlement from the Group's customer is received in MYR, IDR or a currency other than the Major Currencies, such currency will be retained for payment of operating expenditures only as required and the remaining foreign currency will be converted to HK$ or US$ promptly.

Capital Expenditures and Commitments

The Group generally finances its capital expenditures by cash flows generated from its operation and long-term bank borrowings. The net proceeds from the Listing provided an addition source of funds to meet the Group's capital expenditure plan, out of which a sum of approximately HK$147.2 million was allocated for use in acquisition of vessels and equipment.

During the year ended 31 December 2017, the Group invested approximately HK$67.2 million in acquisition of vessels and approximately HK$20.6 million in machinery and equipment, among others.

Use of Proceeds

The net proceeds from the Listing was approximately HK$163.5 million, which was different from the estimated net proceeds of HK$190.0 million as disclosed in the prospectus of the Company dated 30 June 2016 ("Prospectus"). The difference of HK$26.5 million has been adjusted in the same manner and in the same proportion to the use of proceeds as shown in the Prospectus. The net proceeds raised by the Group from the Listing has been fully utilised as at 31 December 2017 in the following manner.

	Adjusted use of proceeds *HK$'million*	**Utilised up to 31 December 2017** *HK$ millions*
Acquisition of vessels and equipment	147.2	147.2
General working capital	16.3	16.3
	163.5	163.5

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2017.

Significant Investments Held

The Group had not held any significant investments during the year ended 31 December 2017.

Charges on Assets

As at 31 December 2017, plant and equipment with carrying value of (i) approximately HK$16,117,000 (2016: HK$15,179,000) were pledged to secure for the Group's bank borrowings; and (ii) approximately HK$22,126,000 (2016: HK$23,840,000) were pledged as security for provision of a performance bond and a prepayment surety bond for the Group's project in Macao.

Contingent Liabilities

As at 31 December 2017, the joint operations held by the Group have given guarantees on performance bonds in respect of construction contracts in the ordinary course of business, and the amounts shared by the Group were HK$24,834,000 (2016: HK$67,889,000). As at 31 December 2017, the Group has not given any guarantees (2016: HK$10,680,000) on performance bonds in relation to a construction contract of the Group in the ordinary course of business. Save for the above, the Group has no material contingent liabilities.

Events After the Financial Year

No event has occurred after 31 December 2017 and up to the date of this announcement which would have a material effect on the Group.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and has complied with the code provisions throughout the year ended 31 December 2017 (the "Year"), except in relation to provision A.2.1 of the CG Code where the roles of the Group's chairman and chief executive officer ("CEO") are both performed by Mr. Cui Qi. Provision A.2.1 of the CG Code requires that the roles of chairman and CEO should be separate and should not be performed by the same individual. Mr. Cui Qi has been responsible for overall strategic planning and management of the Group since the Group was founded in 2001. The Directors meet regularly to consider major matters affecting the operations of the Group. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Group and believe that this structure will enable the Group to make and implement decisions promptly and efficiently.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code") and all the Directors confirmed, upon specific enquiry made, that they complied with the Model Code throughout the Year 2017.

The Company has also established guidelines no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of inside information of the Company and there is no incident of non-compliance with such guidelines by the relevant employees throughout the Year 2017.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries, had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2017.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the minimum public float required under the Listing Rules throughout the year ended 31 December 2017 and up to the date of this announcement.

FINAL DIVIDEND AND ANNUAL GENERAL MEETING

The Directors recommended a final dividend of HK2.0 cents per share, totalling HK$16.0 million for the year ended 31 December 2017, representing a dividend ratio of approximately 24.8%. The proposed final dividend is subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on 20 June 2018 (the "AGM") and is expected to be paid on or about 20 July 2018. Notice of the AGM will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 13 June 2018 to Wednesday, 20 June 2018 (both days inclusive), during which period no transfer of shares will be registered, for purpose of determining the right to attend and vote at the AGM. All transfer of the Company's shares together with the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong no later than 4:30 p.m. on Tuesday, 12 June 2018 in order for the holders of the shares to qualify to attend and vote at the AGM or any adjournment thereof.

To ascertain entitlement to the proposed final dividend, the register of members of the Company will also be closed from Tuesday, 26 June 2018 to Friday, 29 June 2018 (both days inclusive). In order to qualify for the proposed final dividend, which is subject to approval of shareholders at the AGM, holders of shares of the Company must ensure that all transfers of shares be lodged with the Company's branch share registrar and transfer office in Hong Kong for registration no later than 4:30 p.m. on Monday, 25 June 2018.

REVIEW OF ANNUAL RESULTS

The audit committee of the Board has reviewed the consolidated financial statements of the Group for the financial year 31 December 2017 and this results announcement. The figures in respect of the Group's consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December 2017 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange and the Company, and the annual report of the Company for the year ended 31 December 2017 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board of
Prosper Construction Holdings Limited
Cui Qi
Chairman and Executive Director

Hong Kong, 20 March 2018

As at the date of this announcement, the Board comprised the executive Directors Mr. Cui Qi, Ms. Kui Ching Wah, Mr. Yu Ming and Mr. Tao Yang; and the independent non-executive Directors Mr. Cheung Chi Man Dennis, Ms. Leung Sau Fan Sylvia and Mr. Leung Yee Tak.